

POOLED MONEY INVESTMENT BOARD
915 Capitol Mall, Room 110
Sacramento, CA 95814

MINUTES

Wednesday, May 18, 2005

The meeting was called to order at 10:03 a.m.

Roll: John Hiber for State Treasurer Philip Angelides
 Cindy Aronberg for State Controller Steve Westly
 Veronica Chung-Ng for Director of Finance Thomas J. Campbell

Staff Present: Doug Spittler, State Treasurer's Office
 Connie LeLouis, Attorney General's Office
 Mark Paxson, State Treasurer's Office

APPROVAL OF MINUTES

The Minutes for the meeting of April 20, 2005, were approved as submitted, 3-0.

APPROVAL OF PMIB DESIGNATION NO. 1671

Mr. Doug Spittler of the State Treasurer's Office presented the portfolio Summary Report as of May 16, 2005. On that day, the portfolio stood at \$61.884 billion. The effective yield was 2.855%, the quarter-to-date yield was 2.763% and the year-to-date yield was 2.141%. The average life of the portfolio was 178 days and AB 55 Loans approved stood at \$5.242 billion with \$1.609 billion having been disbursed. The Local Agency Investment Fund had deposits totaling \$19.035 billion with 2,700 participants.

Designation No. 1671 was approved, 3-0.

APPROVAL OF SURPLUS MONEY DECLARATIONS/REDUCTIONS

Mr. Doug Spittler presented the changes in the Surplus Money Investment Fund for the period April 1 through April 30, 2005. During that month \$9.149 billion was declared surplus in various special funds, while \$7.039 billion was declared to be a reduction in surplus.

The Surplus Money Declaration/Reduction for the month of April 2005 was approved, 3-0.

APPROVAL OF SURPLUS MONEY INVESTMENT FUND REQUESTS

Mr. Doug Spittler presented seven SMIF requests. The first two SMIF requests were from the Department of Justice for the Firearms Safety Consumer Education Trust Fund (Fund Number 0942095) and the Safe Drinking Water and Toxic Enforcement Act of 1986 (Fund Number 0942099), both Special Deposit Fund accounts. The third SMIF request was from the Department of Motor Vehicles (DMV) for the Special Deposit Fund, DMV Cash Bond Deposits Account (Fund Number 0942001).

The next four SMIF requests were all from the Office of Statewide Health Planning and Development. The first was for the California Pharmacist Scholarship and Loan Repayment Fund (Fund Number 8014). The second request was for the Special Deposit Fund, California Wellness Foundation Grant Account (G.C. §916370, Fund Number 0942001). The third was for the Mental Health Practitioner Education Fund (Fund Number 3064), while the fourth request was for the Vocational Nurse Education Fund (Fund Number 3068).

Ms. Chung-Ng then had a question regarding the request from the Department of Motor Vehicles. To her, it seemed like DMV was asking for retroactive inclusion in SMIF and she wanted clarification on this point. Mr. Spittler responded that the DMV request actually asked the Board to do two things: (1) to include the DMV Cash Bond Account in SMIF prospectively (which is what the Board would be voting on here shortly) and (2) to provide them with the necessary historical PMIA earnings rate, so that they will be able to calculate the earnings that they lost over the past years by not being in SMIF. This second request requires no Board action—the historical PMIA earnings rates can be found on both the SCO and STO websites and staff will direct DMV to this information when we notify them of your decision regarding the first part of their request.

Mr. Spittler continued by stating that the Board does not generally have the authority/ability to retroactively place a fund in SMIF. It may be possible, in rare circumstances, to place a fund in SMIF at the start of a quarter, since the earnings have not been allocated to the various SMIF participants. And, in even rarer circumstances, it may be possible to place a fund in SMIF at the start of a fiscal year. However, to get earnings for prior fiscal years would require the affected department to seek a specific appropriation for that purpose. The information that we will be providing DMV regarding the second part of their request will enable them to estimate the lost prior year earnings and presumably they will be coming to the DOF seeking a special appropriation for that amount. Under the codes, the administering departments are generally charged with the responsibility of petitioning the PMIB to have a fund placed in SMIF. For some reason, DMV failed to do this until just now.

Ms. Chung-Ng and Mr. Hiber thanked Mr. Spittler for the clarification.

The Board accepted the staff's recommendations and prospectively approved the seven requests, 3-0.

APPROVAL OF AB 55 LOANS

Ms. Etsuko Stone of the Public Finance Division of the State Treasurer's Office presented ten loan requests as shown in the following table. She noted that loan a. was for a general obligation bond program, while loans b. through j. were for lease revenue bond programs.

Loan Number	Type	Department/Program	Adjusted Loan Amount
0450167	GO/Renewal	Department of Water Resources California Safe Drinking Water Bond Law of 1988	\$2,875,000.00
0450168	REV/Renewal	University of California SPWB Lease Revenue Bonds Los Angeles Campus, CNSI Court of Sciences Bldg.	\$51,472,447.00
0450169	REV/Renewal	University of California SPWB Lease Revenue Bonds Berkeley Campus, Davis Hall North Replacement Bldg.	\$25,073,803.00
0450170	REV/Renewal	Judicial Council of California SPWB Lease Revenue Bonds Fifth Appellate District New Courthouse	\$12,256,179.00
0450171	REV/Renewal	Department of Corrections SPWB Lease Revenue Bonds CA Correctional Center: Replace Antelope Dorms	\$2,184,620.00
0450172	REV/Renewal	California Community Colleges SPWB Lease Revenue Bonds Citrus College – Math/Science Bldg. Replacement	\$8,450,000.00
0450173	REV/Renewal	Department of General Services SPWB Lease Revenue Bonds Capitol Area West End Complex	\$8,000,000.00
0450174	REV/Renewal	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Warner Springs Forest Fire Station	\$250,050.00
0450175	REV/Renewal	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Weaverville Forest Fire Station	\$2,569,600.00
0450176	REV/New	Department of Education SPWB Lease Revenue Bonds School for the Deaf, Fremont: Pupil Personnel Services Bldg.	\$3,312,000.00

Ms. Stone said that all loans were recommended as presented and that the impact on the Pool would be to increase the loan portfolio by approximately \$41.8 million.

All ten loan requests were approved as recommended by staff, 3-0.

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PUBLIC COMMENT

None.

In the absence of further business, the meeting was adjourned at 10:14 a.m.

Respectfully submitted

Mark Paul
Executive Secretary